

# River Canyon Total Return Bond Fund June 2021 Performance Recap

## RCTIX Performance

The River Canyon Total Return Bond Fund (RCTIX) returned 0.02% net of fees vs. 0.70% return of the Bloomberg Barclays US Aggregate Bond Index in June 2021. Year to date, RCTIX has returned 3.43% net of fees while the index returned -1.60%.

Net Returns	Month End Performance June 30, 2021				Quarter End Performance June 30, 2021			
	1 Mos.	3 Mos.	YTD	1 Yr.	1 Yr.	3 Yr.	5 Yr.	Since Inception
RCTIX	0.02%	0.66%	3.43%	10.56%	10.56%	7.37%	6.91%	6.33%
BBAG Index	0.70%	1.83%	-1.60%	-0.33%	-0.33%	5.34%	3.03%	3.24%
Morningstar Multi-Sector Bond	0.63%	2.13%	1.93%	9.21%	9.21%	5.24%	4.64%	N/A

Since Inception Date 12/30/2014. \*Expense ratios: gross 1.09%, net 0.68%. BBAG – Bloomberg Barclays Aggregate Bond Index

*The performance data quoted represents past performance and is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please contact [rivercanyonfunds.com](http://rivercanyonfunds.com) or call 310-272-1850.*

## Contributors by Security Type

- CMBS
- Non-Agency RMBS
- Corporates
- Puerto Rico Municipals

## Detractors by Security Type

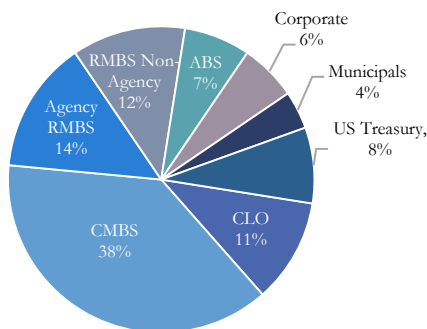
- Agency Mortgage Derivatives

Securitized credit sector returns were biased to the upside in June, with most sector returns anchored around zero. The Fund's exposure to CMBS and Non-Agency RMBS were the primary contributors to performance as both benefited from spread tightening across most market segments. The Fund's focused investments in Single Asset Single Borrower CMBS securities across property type and geography benefited from distinct reopening trends supporting hotel, office, and industrial warehouse demand. Puerto Rico Municipals benefited as the Commonwealth made progress on their restructuring plan.

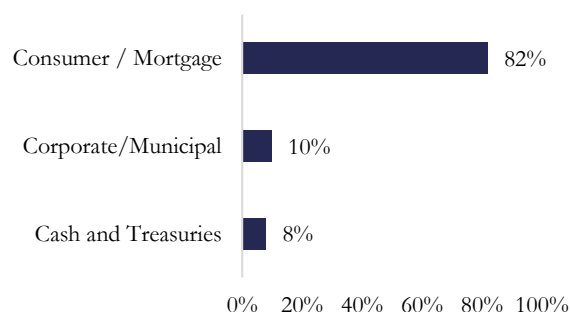
## RCTIX Portfolio Positioning

82% of the fund is allocated to structured credit. CMBS, the fund's largest exposure, is primarily single asset, single borrower securities which we believe offer attractive relative value and transparency enabling River Canyon to underwrite the collateral and structure. Non-Agency RMBS are focused on legacy senior securities that continue to benefit from strong housing fundamentals and improving borrower credit quality. The Funds 60% floating rate coupon exposure is predominately Agency Interest Only and CLO exposure. In June, we added new positions in CMBS, CLO's, and ABS as the Fund was supported by strong inflows.

Portfolio Allocation



Credit by Type



## June 2021 Outlook

Fixed income sectors generated positive returns in June, but YTD returns remained mixed. The Aggregate Index rebounded from its worst quarterly return since 1981 yet remained in negative territory for the year (-1.60%). The yield curve flattened in Q2 with the 2yr-10yr Treasury spread decreasing 36bps to 122bps despite the Feds forecast of higher GDP and core PCE inflation. High Yield returns were driven by the lower quality cohorts outperforming as the US High Yield OAS fell to 268bps. Fiscal and monetary policy continues to be supportive, as markets currently anticipate tapering to begin in Q1 2022. We remain constructive on structured credit as consumer balance sheets are in remarkably stable shape. Inflation pressures remain a concern amidst supply chain bottlenecks, higher commodity prices, and higher compensation pressures. We continue to exercise the same investment discipline we have always exhibited and remain focused on generating strong absolute and risk-adjusted returns for our investors.

Fund Information			
Class	Institutional	Duration (Years)	0.89
Ticker	RCTIX	SEC Yield (Sub)	2.48%
CUSIP	00770G656	SEC Yield (Unsub)	2.21%
Inception	12/30/2014	Portfolio Manager	George Jikovski
Distribution	Monthly	Overall Morningstar Rating <sup>1</sup>	★★★★★

## IMPORTANT MORNINGSTAR DISCLOSURES

Morningstar Rating™ as of 30 June 2021 for the Inst. series; other classes may have different performance characteristics. The River Canyon Total Return Bond Fund was rated against the following numbers of Multisector Bond funds over the following time periods: Overall 5 Stars (289 funds rated); 3 Yrs. 5 Stars (289 funds rated); 5 Yrs. 5 Star (256 funds rated). Past performance is no guarantee of future results. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Morningstar's percentile ranking is based on the highest (or most favorable) percentile rank of 1 and the lowest (or least favorable) percentile rank of 100.

## **\*Fees and Expenses**

River Canyon Fund Management LLC (the "Adviser") has contractually agreed to waive fees and reimburse expenses to the extent that Total Annual Fund Operating Expenses (excluding brokerage costs, interest, taxes, dividend expense on short positions, litigation and indemnification expenses, expenses associated with investments in underlying investment companies, and extraordinary expenses) exceed 0.65% until January 28, 2022.

**SEC Yield:** The 30-Day Yield represents net investment income earned by the Fund over the 30-Day period ended 6/30/2021, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-Day period. The 30-Day unsubsidized SEC Yield does not reflect any fee waivers/reimbursements/limits in effect. The Subsidized SEC yield as of 6/30/2021 was 2.48% and the Unsubsidized yield was 2.21%.

<sup>1</sup> See above Morningstar Disclosure and Ratings Information.



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### **Disclosures**

Any investment in the Fund involves significant risk, including the risk of loss of all or a portion of your investment. The results indicated herein include both realized and unrealized gains and losses, and actual results when realized may differ materially from those set forth herein. Total returns include reinvestment of dividends and distributions. Current performance may be lower or higher than the performance data presented. Investment returns and principal value will fluctuate with market conditions. The value of an investment in the Fund, when redeemed, may be worth more or less than its original purchase cost. You should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. Certain information contained herein constitutes “forward-looking statements”, which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “target,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of an individual investment, an asset class or the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Past performance is not indicative of future results.

### **Certain Investment Risks**

It is important to note that the Fund is not guaranteed by the U.S. Government. Fixed income investments involve interest rate risk, issuer credit risk, prepayment risk, duration risk, price volatility risk and risk of default. Funds investing in bonds can lose their value as interest rates rise, and investors participating in such Funds can suffer a partial or total loss of their principal. Mortgage-backed and other asset-backed securities involve risks that are different from or more acute than risks associated with other types of debt instruments. For example, rising interest rates tend to extend the duration of fixed-rate MBS, making them more sensitive to changes in interest rates and causing funds investing in such securities (such as the Fund) to exhibit additional volatility. Conversely, declining interest rates may cause borrowers to pay off their mortgages sooner than expected, thereby reducing returns because the Fund may be required to reinvest the return of borrower principal at the lower prevailing interest rate. MBS related to floating rate loans may exhibit greater price volatility than a fixed rate obligation of similar credit quality. With respect to non-agency MBS, there are no direct or indirect government or agency guarantees of payments in pools created by non-governmental issuers. Non-agency MBS also are not subject to the same underwriting requirements for the underlying mortgages that are applicable to those mortgage-related securities that have a government or government-sponsored entity guarantee.

The Fund's benchmark for performance comparison purposes is the Bloomberg Barclays U.S. Aggregate Bond Index. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage pass-through securities, and asset-backed securities. The table herein reflects the theoretical reinvestment of dividends on securities in the index. The impact of any transaction costs and the deduction of expenses associated with a mutual fund, such as investment management and administration fees, are not reflected in the index calculations. It is not possible to invest directly in an index.

### **Definitions:**

**CMBS – Commercial Mortgage Backed Securities**

**CLO – Collateral Loan Obligations**

**ABS – Asset Backed Securities**

**Duration – A measure of the sensitivity of the price of a bond or bond portfolio to a change in interest rates.**

**Coupon – The interest payments a bondholder receives until a bond matures.**

**Basis Points – A unit of measure used to describe the percentage change in value of financial instruments. One basis point equals 0.01% (1/100<sup>th</sup> of a percent).**

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**The River Canyon Total Return Bond Fund is offered only by prospectus. The prospectus contains important information, including investment objectives, risks, advisory fees and expenses. Please read the Prospectus carefully before investing or sending money. For a current Prospectus please call 800-245-0371. Distributed by Foreside Financial Services, LLC.**



## **River Canyon Total Return Bond Fund June 2021 Performance Recap**

For additional information, please contact [rivercanyon@canyonpartners.com](mailto:rivercanyon@canyonpartners.com) or (310) 272-1850.